

**No. 46764**

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**Mexico  
and  
Iceland**

**Convention between the United Mexican States and the Republic of Iceland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Mexico City, 11 March 2008**

**Entry into force:** *10 December 2008 by notification, in accordance with article 26*

**Authentic texts:** *English, Icelandic and Spanish*

**Registration with the Secretariat of the United Nations:** *Mexico, 26 October 2009*

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**Mexique  
et  
Islande**

**Convention entre les États-Unis du Mexique et la République d'Islande tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Mexico, 11 mars 2008**

**Entrée en vigueur :** *10 décembre 2008 par notification, conformément à l'article 26*

**Textes authentiques :** *anglais, islandais et espagnol*

**Enregistrement auprès du Secrétariat des Nations Unies :** *Mexique, 26 octobre 2009*

[ ENGLISH TEXT – TEXTE ANGLAIS ]

**CONVENTION BETWEEN THE UNITED MEXICAN STATES  
AND THE REPUBLIC OF ICELAND FOR THE AVOIDANCE OF DOUBLE  
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT  
TO TAXES ON INCOME**

The Government of the United Mexican States and the Government of the Republic of Iceland;

**DESIRING** to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

**HAVE AGREED** as follows:

**ARTICLE 1  
Persons Covered**

This Convention shall apply to persons who are residents of one or both of the Contracting States.

**ARTICLE 2  
Taxes Covered**

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property.

3. The existing taxes to which the Convention shall apply are:

a) In Iceland:

i) the income taxes to the State (*tekjuskattar ríkissjóðs*);  
and

- ii) the income tax to the municipalities (*útsvar til sveitarfélaganna*),

(hereinafter referred to as "Icelandic tax");

b) In Mexico:

- i) the federal income tax (*impuesto sobre la renta federal*); and

- ii) the business flat rate tax (*impuesto empresarial a tasa única*),

(hereinafter referred to as "Mexican tax").

4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

### **ARTICLE 3**

#### **General Definitions**

1. For the purposes of this Convention, unless the context otherwise requires:

- a) the term "Iceland" means the Republic of Iceland and, when used in a geographical sense, means the territory of the Republic of Iceland, including its territorial sea, and any area beyond the territorial sea within which Iceland, in accordance with international law, exercises jurisdiction or sovereign rights with respect to the sea bed, its subsoil and its superjacent waters, and their natural resources;
- b) the term "Mexico" means the United Mexican States and, when used in a geographical sense, it includes the territory of the United Mexican States, as well as the integrated parts of the Federation, the islands, including the reefs and cays in the adjacent waters, the islands of Guadalupe and Revillagigedo,

the continental shelf and the seabed and sub-soil of the islands, cays and reefs, the waters of the territorial seas and the inland waters and beyond them the areas over which, in accordance with the international law, Mexico may exercise its sovereign rights of exploration and exploitation of the natural resources of the seabed, sub-soil and the superjacent waters, and the air space of the national territory to the extent and under conditions established by international law;

- c) the term "person" includes an individual, a company and any other body of persons;
- d) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- e) the term "enterprise" applies to the carrying on of any business;
- f) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- g) the terms "a Contracting State" and "the other Contracting State" mean Iceland or Mexico as the context requires;
- h) the term "international traffic" means any transport by a ship or aircraft operated by a resident of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- i) the term "competent authority" means:
  - i) in the case of Iceland, the Minister of Finance or his authorised representative;
  - ii) in the case of Mexico, the Tax Administration Service;

- j) the term "national" means:
  - i) any individual possessing the nationality of a Contracting State;
  - ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;
- k) the term "business" includes the performance of professional services and of other activities of an independent character.

2. As regards the application of the Convention at any time by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

#### **ARTICLE 4**

##### **Resident**

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows: